

A SPECIAL STUDY

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DELEGATION AND DECENTRALIZATION:

Personnel Management Simplification Efforts
in the Federal Government



A Report to the President
and the Congress of the United States
by the U.S. Merit Systems Protection Board

THE CHAIRMAN



U.S. MERIT SYSTEMS PROTECTION BOARD

1120 Vermont Avenue, N.W.
Washington, D.C. 20419

October 1989

Sirs:

In accordance with the Civil Service Reform Act of 1978, it is my honor to submit this U.S. Merit Systems Protection Board report titled "Delegation and Decentralization: Personnel Management Simplification Efforts in the Federal Government."

This study explores the many initiatives being undertaken by the U.S. Office of Personnel Management (OPM) as part of its simplification program. We have focused on OPM's and the major Federal agencies' efforts to delegate additional responsibility for human resources decisions to line organizations.

I think you will find this report useful as you consider issues regarding the appropriate balance between maintaining integrity and consistency in Federal personnel systems and providing managers the maximum amount of flexibility to manage their operations.

Respectfully,

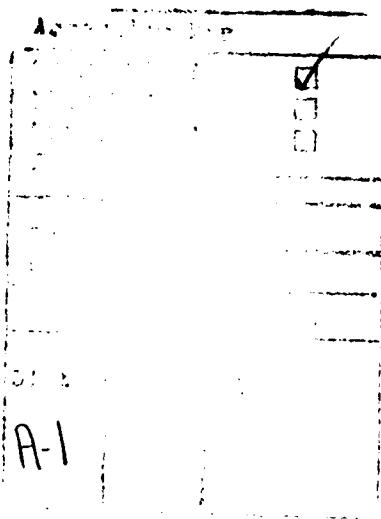
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The President
The President of the Senate
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EXECUTIVE SUMMARY

*The U.S. Office of Personnel Management (OPM), in an effort to respond to growing concerns that the Federal personnel management system had become unnecessarily complex, cumbersome, and unresponsive, undertook a series of initiatives over the last several years collectively referred to as its "simplification" program. Given the worthy goals of these initiatives and in order to weigh the potential benefits to be gained by the civil service system against any possible risks, the U.S. Merit Systems Protection Board (MSPB) undertook a review of the program as part of its statutory oversight responsibilities. It quickly became apparent that there were a broad range of individual initiatives covered under the simplification umbrella. It also became clear that the most significant activities among these did not involve a simplification of the personnel process, *per se*, but rather the delegation and decentralization of that process to the various Federal agencies. Because decentralization of personnel authority can have major impact on the manner in which each agency adheres to the merit system principles, this review concentrates on the delegations aspects of the simplification program. Underlying this study are survey responses from over 3,500 personnel specialists throughout Government, a separate survey of the 21 largest departments and agencies in the Federal Government, inquiries to officials at OPM, and reviews of various literature on the simplification program.*

Major Findings

- There is wide support among agency management and personnel specialists for the concept of "simplification," especially insofar as that concept is embodied in the goals of increased decentralization and delegation of personnel authorities;
- Given the size and diversity of the Federal work force and the current legal framework under which the civil service system operates, it is unlikely that "simple" will ever be an appropriate adjective for that system. There is evidence, however, that decentralization and delegation of authority can make the system more responsive and effective;
- Agencies are pleased with recent increases in delegated personnel authorities and especially delegated examining authority which they believe provides them with better quality job candidates in a shorter period of time;
- Agencies report that they have taken on most of the delegated examining which they can now effectively utilize. They are not planning to request significant additional delegated examining authorities;
- Although delegated examining offers agencies the opportunity to recruit more directly for high-quality candidates, most agencies are not anticipating additional on-campus college recruitment;
- Many agencies are delegating or planning to delegate additional personnel authority to their managers in areas such as position classification;
- Effective oversight of adherence to the merit system principles becomes even more important under increased decentralization of personnel

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authorities. OPM has made a positive improvement in its agency evaluation program by emphasizing greater participation in onsite agency evaluations although they continue to rely heavily on each agency to ensure self-compliance;

- OPM has also installed a separate evaluation system to audit delegated agency examining. This system provides the means for thoroughgoing oversight of delegated examining activities; and
- There is impetus for and reason to support the continued pursuit of decentralization of personnel authority in the Federal Government.

Conclusions

In today's rapidly changing and complex world, there are few "one size fits all" solutions to the problems encountered in managing a Federal work force of over 2 million employees. Spurred by a growing perception that the Federal civil service system has become cumbersome and unresponsive, there is a definite allure to the call for "simplification" of that system. For example, in a 1988 MSPB survey of over 3,500 Federal personnel officials, a large majority (71 percent) thought that "simplification of Federal personnel regulations and policies" could lead—to a considerable or very great extent—to "improved personnel management in the Federal work force." It is not surprising, therefore, that a wide variety of proposals or plans to make changes to the present system have been labeled simplification initiatives.

Given the range of initiatives currently being pursued, however, simplification is perhaps best viewed as a broad and loosely defined set of goals. In terms of the amount of potential impact for constructive change, the most promising among the simplification initiatives are the ones that deal most directly with decentralization and delegation of personnel management authority.

Frustration with what was seen as an unnecessarily restrictive set of personnel laws, regulations, and policies—implemented through a system of time-consuming centralized controls and procedures—was part of the impetus behind passage of the Civil Service Reform Act of 1978 (CSRA). In response, that Act clearly incorporated the related concepts of increased decentralization of personnel authority balanced by appropriate oversight to guard against abuse. These are concepts which the MSPB has examined and endorsed on a number of past occasions.

Opinions are sharply divided as to whether the Federal Government has actually made progress in realizing the basic goals ascribed to civil service simplification. For example, in the aforementioned 1988 survey of Federal personnel officials, they were also asked how effective OPM had been over the previous 2 years in "initiating efforts to improve the Federal personnel management system by simplification and deregulation." Forty-three percent thought OPM had been effective or very effective while an almost equal proportion (44 percent) thought OPM had been ineffective or very ineffective. This split may reflect, as much as anything, differing views as to what constitutes simplification and deregulation.

In summary, while many different actions and initiatives are being taken in the name of simplification, decentralization of personnel controls and greater delegation of personnel authority are at the heart of most efforts. These efforts are worth pursuing and worthy of encouragement. Current efforts to enhance oversight and evaluation capabilities at both OPM and the individual agency level are a necessary corollary and must also be encouraged. While there are some promising developments in this last arena, the individual ability of each agency to ensure internal compliance with the statutory merit principles needs to be closely monitored. Finally, in recent years, most initiatives have been limited to seeking changes permissible under existing civil service law. A few efforts at legislative change have been attempted but without any major impact, to date. Effecting reasonable legislative change, especially in the area of compensation and hiring, presents the largest challenge to those seeking any major breakthroughs in civil service "simplification."

INTRODUCTION— WHAT IS SIMPLIFICATION?

The U.S. Office of Personnel Management (OPM) has undertaken a broad initiative which it has called its "simplification" program. Because many of its specific actions under this program lessen OPM's direct control over personnel decisions, there is, potentially a significant change in the manner in which the underlying merit system principles are carried out. For this reason, the U.S. Merit Systems Protection Board (MSPB) decided to examine the "simplification" program as part of its ongoing oversight of the Federal civil service system.

The titles given to many broad initiatives have meanings which are at variance with the normal connotation ascribed to them. OPM's "simplification" initiatives are a good example of this. The use of the word "simplify" carries an association to the word "simple," but the civil service system of the Federal Government is inherently complex.

The merit personnel systems which comprise the Federal civil service are based on provisions of law beginning with the Pendleton Act of 1883. The body of civil service law, codified as title 5 of the U.S. Code, now contains 790 pages of text. The basic law is supplemented by over 900 pages of title 5 of the Code of Federal Regulations (CFR) and an additional 6,000 plus pages of the Federal Personnel Manual (FPM). Although OPM intends to "simplify" the FPM as part of its initiatives, the inherent complexity of the law and necessary regulation to implement this law make it clear that the word "simplification" does not mean simple.

Certainly, OPM would agree that its goal is not to make the civil service system simple. However, the many specific program and procedural changes which OPM has called simplification do not make the overall

goal of the program clear. The best statement of the overall goal of "simplification" is found in a pamphlet published by OPM on this program. It summarizes the simplification program as follows:

Simplification [means] seizing opportunities to delegate more authority through the agencies to line managers, to simplify standard operating procedures, to protect the merit system through oversight and evaluation rather than highly centralized controls; and simply—to let managers manage.¹

The specific initiatives OPM has designated as part of its simplification program include almost the entire range of agency activities from the routine updating of FPM chapters to proposed legislation changing the General Schedule pay system. In order to give the reader an idea of the range of initiatives which OPM has designated as part of this program, we have included examples of these initiatives as appendix A of the report.

The terms "simple" and "complex" may be seen as the ends of a very wide spectrum. The questions which occur if one says that something is "simplified" are: more simple than what; more simple for whom? The analysis of any given initiative is made more difficult by the nature of the program. Many of OPM's changes have involved shifting responsibility from OPM to the agencies, and within agencies, from agency headquarters and personnel officers to line

¹ "Simplifying the Federal Manager's Job," U. S. Office of Personnel Management pamphlet, p. i.

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managers. While shifting decisions to line managers speeds the decisionmaking process, it requires managers to bear direct responsibility for compliance with law and regulation. Is this "simpler" for the manager? Is it simpler for OPM, which still bears responsibility for overseeing the compliance with law and regulation? When dealing with OPM's broader initiatives involving major systems or rules changes, both old and new systems are complex, but which is "simpler"?

Finally, which of alternate ways of doing something is "simpler" is not important. The question which is important is which of the alternate ways is more effective.

effective? OPM bases its program on the assumption that placing more responsibility for personnel decisions—and ultimately—the preservation of the merit principles at the local agency level is more effective. Thus, OPM's simplification program emphasizes delegation of personnel management authority to the agencies and to their managers. This includes initiatives to delegate current authorities, initiatives to reduce the prescriptive requirements in carrying out the personnel authorities, and legislation to place more authority for basic personnel decisions—such as pay setting—in the hands of managers.

PURPOSE AND METHODOLOGY

After initial review, we have focused our study of OPM's simplification program on the delegation of personnel management authorities to the agencies, particularly the delegation of examining authority. We have chosen to focus on these delegations because most of OPM's simplification efforts have been in this area, and the effective exercise of the delegated authorities by agencies and their managers has significant impact on the merit system.

We particularly wanted to ascertain the merit-related implications of delegating examining authority since this function relates directly to the merit principle which requires that hiring in the civil service be carried out "after fair and open competition which assures that all receive equal opportunity."²

To study the OPM simplification initiatives, MSPB surveyed the 21 largest departments and agencies in the Federal Government. We received replies from the following 20:

Department of Agriculture
Department of Commerce
Department of Defense (nonmilitary components)
Department of the Air Force
Department of the Army
Department of the Navy
Department of Education
Department of Energy
Department of Justice
Department of Health and Human Services
Department of Housing and Urban Development
Department of the Interior

Department of Labor
Department of Transportation
Department of the Treasury
Environmental Protection Agency
General Services Administration
National Aeronautics and Space Administration
Small Business Administration
Veterans' Administration (now Department of Veterans Affairs)

(The Department of State did not respond to this survey.)

The survey, conducted during the summer of 1988, solicited agency opinions on and responses to the OPM delegation program with particular emphasis on delegated examining authorities. The survey also asked what actions the agencies had taken to delegate personnel authority to their line managers and other initiatives which parallel the OPM efforts. The results of this survey gave us a very good idea of how the agencies view the effectiveness of OPM's delegations.

In addition to our survey of agencies, we also included some questions on OPM's simplification efforts in our recent survey of a stratified random sampling of personnelists in the Federal Government. These results were compared to those from the survey of the agencies.

²5 U.S.C. 2301(b)(1).

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We also requested information from OPM's Associate Director for Career Entry (OPM has since added responsibility for employee development activities to this position and retitled it, Associate Director for Career Entry and Employee Development) and Associate Director for Personnel Systems and Oversight. We supplemented these responses with information in the current literature and direct contact with officials at the agencies and OPM.

These information-gathering approaches provided us with not only a fact-based assessment of progress to date, but also a variety of points of view on the OPM simplification program. The diversity in environment and mission among agencies generated a wide range of responses, but there were a number of consistent trends which occurred, as discussed below.

DELEGATED EXAMINING

Basis for Examining. One of the merit principles states in part:

* * * selection and advancement [within the merit system] should be determined solely on the basis of relative ability, knowledge, and skills, after fair and open competition which assures that all receive equal opportunity.³

In adherence to this principle, applicants for positions within the civil service are examined as to their relative ability, knowledge, and skill. The examination process can take several forms such as written tests, group interviews, or rating candidates based on their education, training, and experience. Although OPM is responsible for the examination process, the CSRA provides for delegation of this function by OPM to the agencies:

The Director [of OPM] may delegate, in whole or in part, any function vested in or delegated to the Director, including authority for competitive examinations * * * to the heads of agencies in the executive branch and other agencies employing persons in the competitive service * * * except that the Director may not delegate authority for competitive examinations with respect to positions that have requirements which are common to agencies in the Federal Government, other than in exceptional cases in which the interests of economy and efficiency require such delegation and in which such delegation will not weaken the application of the merit system principles.⁴

This provision of the law has been in effect since the passage of the CSRA. However, OPM, as the holder of examining authority, has twice changed the criteria under which it delegates examining to agencies based on its interpretation of the "common-to-agencies" restriction contained in the law.

Initially, after CSRA was passed into law, OPM took the view that the "common-to-agencies" exceptions in the law required OPM to retain examining authority only in very limited circumstances. As a result, by the end of fiscal year 1981, OPM had approved 836 delegated examining authorities which were used to hire 26 percent of new Federal employees that year.⁵ However, in 1982, OPM reevaluated its interpretation of the law and began a phased withdrawal of many delegations. OPM granted far fewer additional delegations after 1982 so that by May 1987, only 449 delegations were in force. OPM has changed its interpretation of the "common positions" restriction to ease the criteria under which it will grant delegated examining to an agency. As of October 1988, OPM reports approximately 500 examining agreements are in force.⁶

In contrast to the fluctuation in number of authorities granted to agencies by OPM, the number of competitive appointments made under delegated examining authorities as a percentage of all competitive selec-

³See U.S. Merit Systems Protection Board, "U.S. Office of Personnel Management and the Merit System: A Retrospective Assessment" Washington, DC, June 1989, for a more thorough discussion of the history of delegated examining.

⁴Letter from Curtis J. Smith, Associate Director for Career Entry, Office of Personnel Management, to Evangeline W. Swift, Director, Policy and Evaluation, MSPB, dated Oct. 11, 1988.

⁵Ibid.

⁶5 U.S.C. 1104(a)(2).

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tions has increased rather steadily over the past 10 years. The table below reflects that in 1979 only 7 percent of competitive selections were made from delegated examining, while in 1988, 40 percent of selections were made from delegated examining.

The criteria under which OPM currently delegates examining authority to agencies are contained in Federal Personnel Manual (FPM) Letter 337-9. Delegation of examining authority to an agency is usually requested by an agency with the authority being controlled through a delegation agreement between the agency and OPM.

OPM now typically delegates examining authorities for specific occupations and areas of coverage to an agency which then delegates them through the organizational chain to designated servicing personnel offices. Previously, OPM used another method to allow agencies to examine on OPM's behalf, called the "Special Examining Unit." These units were set up by agreement between OPM and specific servicing personnel offices with the personnel offices acting as OPM's agent. Under the special examining arrangement, the personnel office was required to process applications and handle all internal procedures in accordance with OPM internal operating instructions.

All examining instruments used (e.g., rating plans which assign credit to candidates based on experience or academic achievement) were those devised by OPM.

By contrast, in delegated examining, OPM turns over full responsibility to an agency, including the development of examining instruments and the development of internal procedures for handling applications.

OPM indicates that they are converting the special examining units operated by agencies to delegated examining agreements wherever possible, because the delegated examining agreement gives the agencies greater flexibility in tailoring the specific procedures of the examining process to their recruitment and placement needs. Further, it eases OPM's administrative burden since audit of delegated examining does not require auditing for detailed compliance with OPM's internal operating procedures.

Most of the special examining units are being eliminated. Further, beyond the specific operating procedures, delegated examining units and special examining units operate in a similar manner. As discussed later in this report, most agencies have not chosen to

COMPETITIVE SELECTIONS INTO FEDERAL SERVICE *

Fiscal Year	By OPM Examining		By Delegated Examining		Total
	Number	Percent	Number	Percent	
1979	125,576	93	9,037	7	134,613
1980	116,706	86	18,880	14	135,586
1982	74,507	69	33,460	31	107,967
1983	72,161	69	31,875	31	104,036
1984	78,498	66	39,490	34	117,988
1985	85,930	64	48,254	36	134,184
1986	69,140	61	44,464	39	113,604
1987	77,870	63	45,923	37	123,793
1988	76,201	60	50,490	40	126,691

* Source: Office of Personnel Management, Career Entry and Employee Development Group.

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write separate agency-level policies and instructions for the operation of their examining units. Thus, the general structure of the delegated examining units is essentially the same as the special examining units. Therefore, our discussion applies to the special examining units as well as the delegated examining authorities.

Delegation agreements specify the occupation(s) covered and the geographic area for which candidates are provided. In some cases, candidates are provided within an occupation for all agencies of the Federal Government either nationwide or for a smaller geographic area. In other cases, candidates are provided only within a single agency on a nationwide basis or for some smaller geographic area. The 20 agencies responding to our questionnaire reported a total of 324 special and delegated examining units. The coverage of these units breaks down as follows:

Governmentwide	9
Nationwide within the agency	31
All Federal agencies within an area	18
Regional, area, or locally within agency	266
TOTAL: 324	

Cost of Examining. Civil service examining processes require many people to determine the substantive qualifications of candidates, interpret test scores, and prepare rating guides and other examining instruments. In addition, many people are needed to physically handle the paperwork involved in the process (e.g., sending notices, maintaining applications). With this in mind, we asked the agencies to tell us what resources they needed to operate their examining units. From the responses, it would appear that examining is expensive with the costs varying from agency to agency. The highest annual cost reported by an agency was \$2,798,108. However, few of the respondents could give us accurate figures for their examining units. Most either estimated the operating cost or said they could not isolate the costs. The lack of solid cost data on agency examining units is confirmed by OPM. They indicate they no longer

collect cost data on the operation of the units since most data provided by agencies were estimates based on widely varying assumptions and criteria. Thus, the figures were not accurate and could not be compared among agencies.

It is understandable that the costs for operating examining units cannot be isolated in many cases. Among the agencies surveyed, 82 percent of their units were operated at the regional or local level. Usually, operating personnel offices at this level lack the employees to assign exclusively to examining activities. Thus, those responsible for the examining activities also perform a wide range of other duties which are not part of the examining process. Therefore, the salaries of these employees cannot be accurately assigned for accounting purposes.

We also asked the agencies what resources they used to operate the examining units. Because of the general inability of the agencies to account for the cost of the delegated examining, the answers were often vague. However, most of the resources needed for the examining process were derived from the ongoing personnel budgets of the agencies without supplementation from other sources.

Because most agencies aren't able to isolate their examining costs, we can't verify the traditional argument raised in favor of centralized examining—that it is less expensive on a per-selection basis. Whether or not delegated examining is more expensive on a selected candidate basis, its cost must be borne directly from the agency's budget. However, one can assume that agencies analyze the advantages they will garner prior to seeking a delegation agreement and committing the resources for delegated examining.

Agency Perceptions of Candidate Quality. According to the agencies surveyed, the main advantages for taking over the examining process appear to be getting higher quality candidates and speeding up the recruitment and placement process. We asked the agencies if they had any evidence that those selected from their examining units were of higher quality than the candidates referred from OPM. Agencies indicated that managers and personnel officials reported a higher

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level of satisfaction with the quality of the candidates selected through their examining units than with candidates formerly referred by OPM. Agencies gathered their information on candidates either informally, or through questioning officials during personnel management evaluations. The evidence here is anecdotal, and none of the agencies surveyed had systematically measured the quality of the candidates referred through their own examining units.

In some cases, agencies had surveyed selecting officials to ask their opinions of the quality of referrals. However, all opinions on quality were either based on a limited sampling or on anecdotal information available. All agencies having delegated or special examining units (the Department of Education and the General Services Administration had no units) indicated candidates of improved quality over those referred from OPM registers. However, the agencies' opinions were in the form of narrative comments, and these opinions reflect a range of enthusiasm. For example, one agency which maintains a large nationwide examining unit covering several occupations reported that surveys of its personnel offices elicited "comments regarding the quality of candidates from "about the same" in areas where there were relatively few candidates available to "much better" in areas where there were larger numbers of candidates available." In contrast, another agency reported, "Most of our personnel offices have been surveyed. All agree that use of delegated authorities result in higher quality candidates."

Several agencies commented that the reason for improved quality candidates was the ability of the various units within their agencies to tailor examining instruments to the requirements of the actual jobs or occupations as used within the agency in contrast to OPM's need to use generic instruments which could be used to examine for any position within an occupation. One agency remarked that "the quality of candidates has improved because we have been able to better define the qualifications required of candidates and in addition, to [better] rate and rank the qualifications of applicants." Another agency commented that the improved quality was due to "the advantages of

targeted recruitment and onsite rating. More accurate ratings are possible because of examiners' understanding of total [job] environment (program objectives, terminology, pertinent qualifications requirements)."

Agency Perceptions of Timeliness of Candidate Referrals.

We asked the agencies if timeliness of candidates referred improved from agency examining units over timeliness from OPM. All agencies indicated they require less time to make referrals than that required by OPM. However, the basis for this opinion varied from informal communication with managers to actual measurement of timeliness of agency referrals versus old records of OPM referrals.

In addition to the perceived improvements in the quality and timeliness of referrals, several agency comments suggested that the sense of greater control over the process is very appealing. One department indicated, "Our [delegated examining units] have far more control over both the timing and timeliness of actions announced through the agency." Another commented, " * * * all offices have reported a substantial improvement in turnaround time resulting from the increased flexibility and control over the examining/ certification process." Yet another said, "One of the primary reasons for this time-saving is that [the agency] can set its own priorities in filling vacancies, whereas OPM generally works cases on a date-order basis."

Agencies' Views on Expanding or Reducing Examining Responsibility.

Agency examining has been very popular as witnessed by the approximately 500 examining agreements in force, but it appears that the agencies have assumed most of the examining they are willing to undertake. When we asked if they would consider assuming additional examining authority, agencies generally said that they would not. Those that indicated they would consider assuming additional examining authority would only accept examining for positions within the agency, or, in some cases, only within a single subdivision of a larger agency.

In some cases, OPM has required agencies to take on examining for all positions in an occupation within a

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certain geographic area or for an agency as a whole as a condition for granting examining authority. A mechanism doesn't usually exist for reimbursing personnel offices for providing examining services (either for work within a large agency or for inter-agency work) outside of the organizations they normally serve. Therefore, most organizations can't justify the expenditure of personnel office resources to support outside organizations.

While the agencies were concerned about the resources required for examining, they were not contemplating reducing their current examining activities. When asked if they were contemplating reducing authorities or units in their agencies, all but one answered "no," with the remaining agency indicating that as its needs changed, both additions and deletions could be expected.

Impact of Delegated Examining on Recruiting. The effectiveness of Federal Government recruiting—of which the examining process is a part—has come under close scrutiny. Concerns have been expressed from many quarters as to the Government's ability to effectively recruit quality employees. While delegated examining probably costs more per selection due to its smaller scale, it should increase effectiveness by better connecting the application and examining process with the remainder of the recruiting program. Agencies can target recruiting more effectively when they have the ability to accept applications directly for their own examining units rather than referring applicants to OPM. Thus, agency examining would appear to have important benefits for recruiters.

College Recruiting. An MSPB survey of college deans and placement officials⁷ taken before OPM began its most recent expansion of delegated examining revealed that this group perceived the lack of on-campus recruiting by the Federal Government as a major reason that students were not joining the Federal Government.

The expansion of delegated examining since that survey should make on-campus recruiting more effective. Without delegated examining, agencies could discuss their career programs with students on campus, but they would not normally accept applications from them. Since OPM determined the information which would be required to examine the applicants (e.g., schedule a written test, require transcripts or specialized application forms) and since an agency's forwarding applications to OPM could be construed as favoring a particular candidate, applicants were normally asked to apply directly to OPM.

Recruiting for an individual agency, or a specific career program within that agency, is difficult under centralized examining. Having sold a student on the value of the agency's program, the agency would sometimes find that the student had been rejected because OPM had closed applications in a region. Or an agency might find that when it requested a list of candidates from OPM, those who were actively interested in the agency had been referred by OPM to another agency with a completely different mission.

With delegated examining, agencies have the ability to accept applications from students who are potential candidates and to get the applications rated on an expedited basis. This ensures that the students get consideration for specific vacancies sooner, and it ensures that more of the candidates on the register are actively interested in the agency's program.

Since agency examining has enhanced their ability to recruit directly from campuses and other sources (e.g., professional association meetings), we wanted to find out if agencies were making greater use of these recruiting devices. We asked what outreach activities for high-quality candidates were being undertaken. Most agencies noted on-campus recruiting, contacts with professional organizations, and advertisements in professional journals.

⁷ U.S. Merit Systems Protection Board, "Attracting Quality Graduates to the Federal Government: A View of College Recruiting," June 1988.

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We also asked agencies if they were planning any additional outreach activities such as more on-campus recruiting. The responses are summarized below:

ADDITIONAL COLLEGE RECRUITING

Do you plan a change in your college recruiting activity as a result of the expanded examining authority?

No. of Agencies

No	10
Yes	6
No delegated examining	2
Data not available	1

(One department reported that it would like to increase recruitment but lacks the resources.)

Of those six who reported they were anticipating additional college recruitment, two—NASA and Treasury—were agencies singled out by respondents to the previously cited MSPB college recruitment study as having effective college recruiting programs already.⁸

The agencies did not report the number of college visits they conducted or the number of placements resulting from such visits (and it is doubtful that such detailed records exist in any case). Therefore, the significance of the agencies reporting that they do not intend to expand campus recruiting is not clear. Only one department chose to explain its answer by saying, "Most activities would like to increase recruiting efforts but lack the resources."

It would seem unfortunate that so little additional recruiting is contemplated, particularly for positions normally filled by college graduates. As was noted in our survey of college deans and placement officials,⁹ a key to successful on-campus recruiting of high-quality graduates is to interest them in specific agency programs. Graduates are interested in particular kinds of work. Since the agencies and even programs within agencies carry out such diverse functions, recruiters must focus their efforts on real work situations as opposed to broad agency missions. Without focused recruiting to attract high-quality graduates, the advantages of agency examining are greatly lessened.

More aggressive recruiting of high-quality college graduates seems to be becoming necessary in the face of the changing needs of Federal agencies and the shifting demographics of the labor force. In "Civil Service 2000," a report prepared by the Hudson Institute for OPM, it is noted:

* * * the need for more well-qualified Federal workers will rise throughout the 1990's. The Federal Government will not have the option of hiring foreigners, moving jobs overseas, or "dumbing down" the jobs with computers. It will have to hire more qualified people.¹⁰

Recruiting From Underrepresented Groups. In addition to furthering outreach to those with highly specialized skills, delegated examining allows agencies to focus additional attention on recruiting from underrepresented groups (i.e., minorities, women, and the handicapped). We asked the agencies what efforts they had used to attract high-quality female and minority candidates to positions covered by delegated examining. A variety of techniques were reported, with direct contact with organizations and groups and advertising in minority-oriented media listed most frequently. All agencies indicated use of outreach activities to women and minorities in conjunction with their delegated examining.

⁸ Ibid.

⁹ Ibid.

¹⁰ Hudson Institute, "Civil Service 2000," Office of Personnel Management, Washington, DC, June 1988, p. 31.

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Centralized Guidance and Support of Agency Examining. Agencies repeatedly made comments that indicate operation of delegated and special examining units is very time-consuming and complex. We had anticipated that this would be the case. Therefore, we wanted to know if agencies had centralized one of the more complex tasks involved in the examining process—the validation of examining instruments. We asked this on the assumption that a unit to develop validated examining and rating instruments in the headquarters would increase efficiency. Under delegated examining—but not in special examining units—agencies are responsible for validating the examining instruments used for each occupation.

This process can be quite time-consuming. In fact, OPM has maintained a staff of personnel psychologists for the purpose of developing validated examining instruments for its centralized examinations. Although the agencies typically have fewer candidates for any given examining unit than OPM has for its activities, many large agencies have enough delegated examining activity to make a central staff to validate the plans a possible alternative. However, the agencies were nearly unanimous in saying that they do not have such units. The exception was the Department of Transportation which was carrying out a project, in cooperation with OPM, to consider changing the air traffic control specialist examination. It would seem that the larger agencies could realize some improved effectiveness by setting up a central staff to develop and validate its examination instruments. While the agencies did not provide explanations for their decisions, this does give local and regional units maximum discretion in tailoring examining instruments to their particular needs.

In conjunction with our question on centralizing development and validation activities, we also asked if the agencies had developed agency-level policy and guidance for examining activities within their agencies. Only 4 of the 19 departments and agencies were developing such guidance. Most who commented said that OPM's guidance was sufficient. The minimal guidance given to agencies by OPM and the absence of formal policy at the agency level gives each office

engaged in examining activity flexibility to adjust local procedures to maximize the effectiveness of its activity.

OPM Oversight of Agency Examining. Although OPM has delegated responsibility for the examining, it retains oversight responsibility for ensuring that examining is carried out in accordance with law and regulation. OPM has published FPM Supplement (Internal) 337-71 which provides guidance including an audit plan and agenda for auditing special examining units and delegated examining operations in the agencies. The audit coverage includes: (1) agency compliance with law, OPM regulations, and FPM instructions; (2) agency compliance with the terms of the examining agreement; (3) agency adherence to merit system principles; and (4) an assessment of the effect of delegation on overall service. Our review of the agenda for the audits reveals that it is quite thorough, providing for review of individual actions as well as overall procedures. This agenda, if conscientiously carried out, meets the need for oversight of the delegated and special examining units.

OPM's stated policy is that its regional offices will audit at least 50 percent of the delegated examining units each year in accordance with their agenda. OPM reports that in actual practice, 75 to 90 percent of examining units have been audited each year. This level of coverage is more than adequate to meet the oversight responsibility.

Conclusions. The agencies we surveyed are pleased by the results of delegated examining authorities and believe that higher quality candidates are being referred more quickly through delegated examining than through OPM's centralized examining. At the same time, they seem to have taken on most of the examining which they feel is effective at this time, with most agencies contemplating neither an increase nor a decrease in delegated examining units. OPM is providing oversight of the delegated and special examining units, and if its audit agenda is carried out conscientiously, it will ensure compliance with the merit principles, and with applicable OPM regulations and standards.

OTHER OPM DELEGATIONS

Although OPM's delegation of examining authority has the greatest visibility among personnel authorities, it is only one of many which OPM delegates to the agencies. The general provision in title 5 of the U.S. Code provides:

The President may delegate, in whole or in part, authority for personnel management functions * * * to the Director of the Office of Personnel Management; and the Director may delegate, in whole or in part, any function vested in or delegated to the Director [to the operating agencies] * * *.¹¹

This general provision is the basis for many of the personnel management authorities which are exercised in the agencies at all levels. OPM delegates authority to the agency head, and the agency head subsequently redelegates to installation heads and operating personnel officers. Because this is the traditional delegation of powers which existed prior to the creation of OPM in 1978, most of the delegations to agencies have been long established by regulation. Thus, our focus here is on the initiatives which occurred since the establishment of OPM.

Beginning in 1979, OPM offered to delegate a long list of authorities to agencies by entering into delegation agreements. Most of these authorities have since been delegated permanently by changes to the Code of Federal Regulations and the FPM.

In 1985, OPM started an effort to further expand its delegations by systematically identifying authorities which could be delegated to agencies. Constance

Horner, then Director of OPM, actively encouraged decentralization of authority. A typical example is a speech before the Classification and Compensation Society in 1988:

* * * we simply can no longer afford our current monolithic, overcentralized, overregulated, inflexible Federal personnel system. We will need to continue our efforts to deregulate, decentralize, delegate, and simplify personnel procedures, in order to give agencies and managers the flexibility to adapt to the variety of new demands.¹²

Most of the delegation initiatives by OPM, other than examining, have taken the form of changes to the FPM and to OPM regulation. In addition to the delegation of authorities through regulation and FPM instructions, OPM has continued to use delegation agreements with agencies to waive or modify FPM instructions for an entire agency or for specific installations.

In our survey of the 21 largest departments and independent agencies, we asked them to tell us which of the delegated personnel management authorities and other OPM initiatives have been particularly effective in assisting in the accomplishment of agencies' missions. In response, the agencies gave a variety of answers. The most commonly cited initiative was OPM's granting of direct-hire authority and other initiatives to ease the placement process. Those initiatives mentioned by three or more agencies are shown below:

¹¹ 5 U.S.C. 1104 (a).

¹² As quoted in "Improved hiring plan necessary, OPM says," Washington Times, Dec. 6, 1988.

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Authority/Initiative seen as Especially Effective*	Number of Agencies Reporting (of 20)
Direct-Hire Authorities	10
Modification/Waiver of Qualification Standards	9
Payment of Travel to First Duty Station	4
Advanced In-Hire Rates	3
Elimination of Requirement for Annual Review of Classification Accuracy of Every Position	3
Development of Multiposition Classification Guides	3

* Each authority is explained in detail in appendix B.

As a follow-up to our question on agencies' views as to the most effective OPM initiatives, we asked the agencies to indicate additional initiatives which OPM should undertake to streamline personnel management requirements and procedures. Agencies named a variety of areas to be considered and made a large number of specific procedural recommendations. The following ideas were mentioned by three or more agencies:

Initiative OPM Should Consider*	Number of Agencies Reporting (out of 20)
Expand authority for agencies to use direct hire without formal examining	4
Simplify position classification process (different methods suggested)	4
Expedite initiation of new Professional, Administrative, Career (PAC) examining methodology	4
Allow noncompetitive conversion for nonstatus employees	3
Modify the veterans' preference rules and the rule-of-three provision	3
Provide greater flexibility for setting initial rates of pay	3
Delegate authority to set special rates to agencies	3

* Each of the initiatives is explained in more detail in appendix B.

Most of the recommendations are focused on the agencies' desire to improve their ability to provide high-quality candidates in the shortest possible time. The response of one department is very informative. After making specific recommendations for initiatives to improve the current recruitment and placement system, it went on to suggest the following:

Rather than simply delegating existing OPM authority to agencies, OPM should make a real effort to streamline/simplify all application, examining, rating, and hiring procedures. This means changing the way we do business. Although agencies are generally glad to take on delegated authorities (it usually means speeding up hiring), OPM's efforts have not addressed the real issue of needing to update and revise procedures (while

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maintaining merit principles) to meet the needs of a changing work force and workplace. OPM may speed up hiring by delegation, but this time saving is achieved only by doing away with OPM as the middleman (agencies simply absorb the additional workload)—it does not improve the way the system works. We need to be attracting high quality candidates rather than deterring them with extensive application requirements, lengthy waits for Notices of Rating/Results, and unnecessary “hoops” to jump through. Likewise, managers need to keep their operations going and cannot afford to wait 8, 12, 16 weeks or longer to fill vacancies. OPM needs to take a long, hard look at making the “intake” of nonstatus candidates quicker, easier, and better.

In effect, this response sums up the focus of nearly all the recommendations related to recruitment and placement. Almost all agencies recommended removal of barriers which they believe would constitute “hoops.” The agencies’ opinion of the current situation is shared by OPM as shown by the following:

The current system is slow; it is legally trammeled and intellectually confused; it is impossible to explain to potential candidates. It is almost certainly not fulfilling the spirit of our mandate to hire the most meritorious candidates.¹³

The recent Volcker Commission report concurs in this opinion and addressed one of its principal recommendations to this point:

* * * within program guidelines from the President, cabinet officers and agency heads should be given greater flexibility to administer their organizations, including greater freedom to hire and fire personnel, providing there are appropriate review procedures within the Administration and oversight from Congress.¹⁴

MSPB agrees that we need to make Federal recruiting as effective—as “simple”—as possible, and that decentralizing responsibility is an effective tool to

achieve this goal. Likewise, as the Volcker Commission recommends, this decentralization must be accompanied by safeguards to the merit system (“* * * provided there are appropriate review procedures * * *”).

In addition to commenting on recruitment and placement, agencies also made suggestions about the compensation problems faced by Federal employers. A number of responses suggested that the compensation system must be modified to enable the Government to compete with other employers. Agencies suggested the initiation of locality pay for occupations to aid in recruitment in high-cost areas such as New York. They also pointed out a need to compensate temporary employees whose appointments are expected to last more than a year by providing them with some benefits or greater salary to compensate for the lack of benefits comparable to permanent employees.

The agencies’ compensation concerns have recently been amplified by the findings of the Volcker Commission. The Commission recommended that:

The President and Congress must give a higher budget priority to civil service pay. The Commission recommends a new pay-setting system that recognizes the fact that public employees live and work in localities characterized by widely different living costs and labor market pressures, and adjusts compensation upward accordingly.¹⁵

Finally, a number of suggestions fell into a category which could be called “automation initiatives.” For example, one agency suggested that OPM and agency operating personnel offices be linked by computer for the transmittal of certification requests and certificates. Another agency expressed interest in OPM’s acting as a clearinghouse for computer software applicable to the operating personnel office. This suggestion would allow agencies to share software for personal computers and avoid duplication of effort.

¹³ Constance Homer, Director, Office of Personnel Management, as quoted in National Commission on the Public Service, “Leadership for America,” Washington, DC, 1989, p.29.

¹⁴ Ibid, p.6.

¹⁵ Ibid, p. 54.

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OPM has responded to the need to automate processes by initiating what it calls its Automated Applicant Referral System (AARS). This system is intended to speed the referral of candidates for positions. When fully operational, the system will allow agencies to get lists of candidates for OPM registers overnight by using touchtone telephones and facsimile machines. Further, those agencies who purchase compatible hardware will be able to directly access OPM candidate inventories. The AARS is anticipated to include automation of rating procedures and elimination of the cumbersome application for Federal employment (SF-171) when fully implemented.

Conclusions. As can be seen from the preceding discussion, the OPM initiatives which agencies thought were most effective were those which the agencies felt would assist in the hiring of high-quality employees and those that expedited the hiring process. Clearly, the provision of prompt recruitment and placement service to operating officials is a priority in the agencies' personnel programs.

In addition to delegating examining, OPM has delegated a number of authorities to agencies since the inception of the Civil Service Reform Act which have given agencies greater flexibility in personnel actions. This flexibility has been increased even more by OPM's efforts to replace prescriptive instruction with more general guidelines.

It is in the recruitment and placement area that OPM should continue to focus its initiatives. It is clear from the priorities expressed by the agencies (four of the six items reported by the agencies as effective were related to recruitment and placement) that it is the expeditious provision of high-quality candidates that is most desired.

DEPARTMENT AND AGENCY SIMPLIFICATION INITIATIVES

The CSRA provided for research and demonstration projects to try out new systems and procedures within the Federal Government. In addition, agencies have undertaken a number of initiatives on their own to increase the effectiveness of personnel management within the agencies.

In our survey we asked agencies what initiatives they had taken to delegate authorities to lower levels in the agency down to the first-level manager, to reduce internal rules, to automate personnel office functions, and any other initiatives undertaken. The variety of responses suggests that interest in modifying the internal structure for personnel management varies widely from agency to agency.

Delegation Initiatives. The largest delegation project reported was the Department of the Navy's manage-to-budget initiative, which Navy reported involves approximately 70 percent of its activities. This project, which allows managers to realign the occupational and job mix and make other significant personnel decisions within their organizations, has attracted a great deal of attention within the Federal community. A number of other agencies report that they are either testing this concept in a small part of their organization or are contemplating such a test.

The most commonly reported delegations initiatives taken or contemplated within departments and agencies are as follows:

Agency Delegation Initiative	Number of Agencies Reporting (of 20)
Delegation of classification to line managers	4
Management of job grading and staffing levels to managers	4
Maintenance of applicant supply files and initial rating and ranking accomplished outside personnel office.....	2
Delegation of authority to appoint above minimum rate of a grade to field installations	2

* These initiatives are described in detail in appendix C.

While the list reflects agencies which reported specific initiatives, a number of agencies reported that their general policy is to delegate personnel management authorities to the lowest practical level within the agency.

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Initiatives to Reduce Regulations. Of our 20 respondents, 11 indicated initiatives to reduce internal regulations and guidance. Since agencies did not provide a detailed listing of the affected issuances, these initiatives do not lend themselves to easy categorization. While many agencies indicated reductions in internal regulations, one reported that it was finding that reduced instructions resulted in inconsistent application of authorities.

Automation Initiatives. Most of the Federal agencies have automated the basic personnel and payroll records process (some for as long as 20 years). However, improvements in technology and the increasing pressure to reduce personnel costs have made agencies look for additional opportunities to automate the personnel function. When asked about initiatives to automate personnel functions, agencies listed a large number of initiatives. Those listed most frequently are shown below:

Automation Initiative*	Number of Agencies Reporting (of 18)
Automation of position descriptions and classification	8
Automated generation of Standard Form 52, Request for Personnel Action	7
Automation of Applicant Files	6
Electronically generated job announcements/posting on electronic bulletin boards	5
Automation of the ranking and referral process for job vacancies	3

* These initiatives are discussed in detail in appendix C.

The two initiatives most often mentioned were the automation of the position description and classification process and the generation of the Standard Form 52 (SF-52), Request for Personnel Action. This is not surprising considering that the goal mentioned by several agencies is a "paperless" personnel office. The classification process with its position descriptions, reports of desk audit verifying the accuracy of the position descriptions, and its evaluation statements generates a great deal of paper.

The SF-52 is the basic form used to request personnel actions. Further, it acts as a worksheet for personnel staff, and as a source of documentation for the authority for the approval of actions. Millions of these forms are generated and moved from managers to personnel offices annually.

While many of the initiatives mentioned by the agencies provide streamlined procedures, some are of a more substantial nature. Agencies have begun to use systems which allow managers to devise position descriptions by selecting prototype descriptions of tasks and responsibilities. Some of these systems then can evaluate these prototype statements and assign a classification to the position. Another system allows agencies to automate the rating and ranking of applications by having the computer summarize the value of certain factors on each candidate which have previously been evaluated and inputted by personnel specialists or subject matter experts. While we do not have information on the effectiveness of these so-called "expert systems," they have the potential of reducing the substantive work of the operating personnel offices and the line managers.

Conclusions. The initiatives reported by the agencies indicate actions which parallel OPM's initiatives. Agencies are taking many actions to improve personnel management processes both in response to OPM and in response to their own needs. While agencies are taking many discrete actions, the major trend in these actions is to decentralize personnel decisions. By moving these decisions and responsibilities to a lower level in the agencies, managers gain a greater control over the hiring, motivation, and development of their people—their human resources.

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MSPB is in agreement with this concept. Our main concern is that the integrity of the merit system be maintained and that the merit principles be upheld. Many of the agency delegation and decentralization initiatives have little or no potential for weakening the merit system. For example, speeding up the paperwork flow through automation initiatives has only positive potential. However, some of the discretion to make fundamental personnel decisions (e.g., the

classification of individual positions under a supervisor) has the potential for the injection of favoritism and other nonmerit factors. Although the overwhelming majority of managers can be expected to conscientiously strive to properly use the authority delegated to them, the diffusion of authority requires a diligent oversight effort to detect abuses and to ensure the integrity of the merit system. We will discuss this oversight responsibility in the following section.

OVERSIGHT: WHO SHOULD DO IT AND HOW?

Introduction. A loss of direct control by the delegating organization and a concomitant loss of consistency in the way authorities are carried out are inherent in decentralization. However, this loss of direct control and consistency is not necessarily negative. A heavy-handed “consistency-for-consistency’s sake” approach and control of decisions by those not present nor immediately affected by those decisions is not an effective way to carry out personnel decisions.

Providing more personnel management authority to individual managers can only be seen as desirable.

While the responsibility for personnel decisions can be delegated, agencies and OPM must continue to ensure that the merit principles and applicable law and regulation are upheld. The law is very clear on where the responsibility for oversight is placed:

The Office [of Personnel Management] shall establish and maintain an oversight program to ensure that activities under any authority delegated [to the departments and independent agencies] are in accordance with the merit system principles and the standards established under [the Director of OPM’s responsibility to prescribe regulations and to ensure compliance with the civil service laws, rules and regulations].¹⁶

The new Director of OPM, Constance Newman, has recognized the importance of this responsibility. When asked by the Senate Governmental Affairs Committee how she understood her responsibilities as Director of OPM, she responded that as manager of

OPM, she would take action steps to “combine the decentralization of services with a heightened oversight role for OPM.”¹⁷

OPM’s prescribed oversight responsibility is currently addressed in a number of ways. Staff offices within OPM review various personnel programs Governmentwide (e.g., the labor relations program or the training program). These reviews are typically carried out through analysis of information from the Central Personnel Data File (CPDF), through established reporting requirements from the departments and agencies, and through various other data collection methods. Also, as discussed in the section on delegated examining above, OPM audits special and delegated examining units in the agencies through a separate onsite review system.

Although many offices at OPM perform some review work of an evaluative nature, principal responsibility for oversight of agency personnel programs is carried by Agency Compliance and Evaluation (ACE) at OPM. The name given to this function implies that the office has two oversight functions—evaluation of the quality of individual agency programs and ensuring that the agencies are complying with applicable law and regulation. These two principal functions are used to meet a number of different objectives including providing feedback to agencies and to OPM officials on the effectiveness of OPM and agency personnel policies.

¹⁶ 5 U.S.C. 1104(b)(2).

¹⁷ Pre-hearing Questions and Answers Submitted to the Committee on Governmental Affairs, United States Senate, By Constance Berry Newman, Nominee for the Position of Director, Office of Personnel Management, May 1989.

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In practice, compliance and evaluation are not distinct functions, but are combined. By reviewing agency systems and procedures, OPM ensures that systems are in place to comply with appropriate regulation.

Conversely, by focusing on individual actions compliance with law and regulation, OPM can trace weaknesses in agency systems and procedures based on deficiencies found in individual actions. Thus, direct review of regulatory and legal compliance is a part of the OPM evaluation process and is a specifically assigned part of OPM's legal responsibility.

OPM has changed the emphasis placed on reviewing agencies' actual personnel actions for compliance versus review of statistical indicators and agency policy and program in recent years. Prior to fiscal year 1984, OPM's ACE program relied heavily on extensive onsite reviews of personnel programs at the agency installation level.

Beginning in fiscal year 1984, the ACE program was changed from a system which emphasized indepth, onsite evaluations of personnel programs at individual installations to a method which emphasized the analysis of statistical and descriptive data. This latter method relied heavily on data from CPDF supplemented with information collected from agencies and operating personnel offices. Data from these sources were supplemented by short onsite visits (typically 1 to 3 days) called Installation Assessment Visits (IAV's). These were primarily to collect and verify data, although in some cases there were reviews of specific actions. The changes in methodology were focused on providing the Director of OPM with an overview of the status of the merit system and a means to identify trends and problems on a Governmentwide basis.

While this approach to personnel management evaluation provided more data to the Director of OPM, MSPB found OPM's attention to its compliance responsibility to be inadequate. In our report on the significant actions of OPM during 1984-1985, an analysis of OPM's revised methodology concluded that while it did provide additional information to the

OPM Director, it " * * * [did] not provide adequate opportunity to identify regulatory violations or their causes."¹⁸

The increased delegation of authority which was occurring at the time OPM began its broad-based data collection program, and which has continued since, logically calls for additional attention to the regulatory compliance responsibility. The MSPB significant actions report found the agencies' perception of OPM's effectiveness in enforcement of regulation to be weaker at the agency level than before the IAV-centered methodology was used. OPM has subsequently reviewed its methodology and inaugurated a new program beginning in fiscal year 1989.

Under the revised program, the system of short IAV's begun in fiscal year 1984 has been dropped. According to OPM, the onsite information gathering function has been reduced by improvements in the CPDF so that they can now reach down to the installation level in CPDF's data base instead of dealing with consolidated agency data. OPM's onsite evaluation visits under the new program are intended to take a more indepth look at local programs and to include a larger regulatory compliance component.

OPM's new program contains a number of elements intended to increase their oversight of regulatory compliance in fiscal year 1989, with emphasis on agency compliance in use of delegated personnel authorities. These include OPM site reviews scheduled for the fiscal year, increased OPM participation in agency-led site evaluations, and a Governmentwide study of agency compliance with regulation and OPM instructions in the use of delegated personnel management authorities.

OPM's participation in agency-led onsite evaluations is designed to increase their visibility at the local installation level, and to encourage agencies to be thorough in their coverage providing feedback to OPM

¹⁸ U.S. Merit Systems Protection Board, "Report on the Significant Actions of the Office of Personnel Management During 1984-1985," May 1986, p. 126

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on the various agencies' capabilities in personnel management evaluation. OPM's study of delegated authorities will include data gathered from 180 Federal installations and statistical analyses of data drawn from the CPDF. This study will focus on a selected group of recently delegated personnel authorities chosen based on rate of usage by agencies and perceived vulnerability to misuse.

OPM's new compliance and evaluation program will require some time in operation before its effectiveness can be judged. However, the revised program does address many of the weaknesses in OPM's former program which were pointed out by the MSPB's significant actions report.¹⁹ It is clearly an improvement over the previous approach while utilizing a minimum of resources.

Scarcity of resources, mostly expressed in terms of the number of staff used to carry out the personnel management evaluation process, is one of the prime concerns at OPM and at the agencies. OPM reports that the President's budget includes 13 additional full-time equivalent staff for its nationwide oversight program for fiscal year 1990. However, while OPM's new program contains more compliance-oriented evaluation activities than the one it replaces, the new program relies on agency personnel management evaluation programs to perform most of the regulatory compliance work. This "retail" work, as OPM's Director of ACE called it in a telephone interview with MSPB staff, requires onsite review of a sampling of specific personnel actions (e.g., promotions) and their associated documentation for compliance with governing law and regulation. It remains to be seen whether agencies will devote sufficient resources to evaluation work to ensure compliance. In the face of the current budget deficit, there is little likelihood of additional people being available to perform labor-intensive, onsite compliance-oriented evaluations at the agency level.

Agencies' Views of OPM's Effectiveness. One of the results of a compliance program should be its deterrent effect. The concept is that if there is a likelihood of getting caught, one is less likely to be tempted into a regulatory violation. It is clear that OPM's revised program needs to instill a sense of effectiveness in its regulatory compliance activities.

Our personnelist survey reflects the perceived effectiveness of OPM's regulatory compliance. When asked to rate the effectiveness of OPM in specific areas over the 2-year period prior to the survey date, the respondents answered as follows:

Effectiveness Issue	Effective	Ineffective	Don't or Know
	Very Effec.	Very Ineff.	
<u>Percentage of Respondents*</u>			
OPM's effectiveness in monitoring agency personnel systems to detect possible abuses	29	48	23
Ability of OPM's evaluation and compliance audit system to correct personnel abuse	32	45	23

* MSPB survey conducted in Summer 1988. Responses received from 3506 personnelists.

In contrast to the personnelists' negative view of OPM's effectiveness in ensuring compliance is their view of their own agencies' effectiveness. Some 70 percent felt that their agencies placed appropriate emphasis on enforcing personnel laws, rules, and regulations, and 69 percent said that their agencies place appropriate emphasis on complying with merit principles.

¹⁹ Ibid., pp. 105-127.

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Conclusions. These responses make it clear that confidence in OPM's regulatory compliance function is very low. It is this lack of confidence which OPM's new evaluation program must address and change. The Civil Service Reform Act encouraged the delegation of personnel management authority, and OPM has delegated a wide variety of authorities since its passage. It would seem logical that oversight of compliance with OPM regulation and standards would require additional resources when authority is delegated. While OPM's new program has reinstated a schedule of evaluations which include a regulatory compliance component, this program still places the bulk of the case-oriented compliance work on the agencies' personnel management evaluation (PME) programs.

OPM is emphasizing the greater—and mostly independent—role it expects agencies to play in ensuring regulatory compliance. In her reply to our inquiry, the Associate Director for Personnel Systems and Oversight at OPM pointed to their emphasis on enhancing agency evaluation activity, stating, “[w]e have made it clear to agencies that they need stronger PME programs if they themselves are to assure proper use of the newly delegated authorities.”²⁰ This emphasis has been transmitted to the agencies through the Inter-agency Advisory Group (IAG) on PME, and through contacts between ACE officials and their counterparts at the operating agencies.

OPM's reliance on the agencies to take on a greater role in ensuring regulatory compliance would suggest

that greater resources are needed at the agency level to carry out this role. However, the Federal budget deficit is likely to reduce many agencies' internal resources since these resources represent an opportunity for budget reduction without affecting entitlements and other activities directly impacting the public. In fact, OPM has used greater reliance on internal reviews by agencies to cope with its own limited resources. While the agencies can be expected to make a sincere effort to cooperate with OPM's urgings, it seems unlikely that staff will be available to make significant additional efforts given the current budget situation.

OPM has published the first of three planned reports on the status of agencies' personnel management evaluation activity. These reports are desirable, as OPM needs to monitor agencies' efforts to determine the scope and depth of regulatory compliance emphasis of agency visits if it is to properly evaluate the effect of its new Agency Compliance and Evaluation program. The Agency Compliance and Evaluation program relies heavily on case-oriented regulatory compliance reviews by agencies in its overall scheme for ensuring merit system compliance. Without careful monitoring, the agency role is likely to follow the trend articulated by an agency and quoted in our May 1986 report on the compliance program:

Historically, when OPM has deemphasized onsite regulatory reviews, so have the agencies, and to a large extent this has happened, even though OPM said to continue them * * *.²¹

²⁰ Letter from Claudia Cooley, Associate Director for Personnel Systems and Oversight, Office of Personnel Management, dated Oct. 11, 1988.

²¹ U.S. Merit Systems Protection Board, May 1986, op. cit., p. 124.

CONCLUSIONS

The Office of Personnel Management has used the term "simplification" to categorize many of its recent program activities. Most of this activity emphasizes delegating greater personnel management authority and discretion to agencies and to their managers with the intention of making managers more effective. While one can argue whether one initiative or another is more simple than the system or procedure it is designed to replace, it is really the effectiveness of an initiative in helping to accomplish an agency's mission, whether or not that is simpler *per se*, which must be judged. By contrast, the use of the term "simplification" by its connotation gives the false impression that we can somehow make the Federal personnel system simple. The Federal Government's personnel system must accommodate the needs of over 2 million employees. It is a system which is based on law. A system which must meet stringent legal demands is not simple.

A better term for what OPM has called "simplification" is "improvements." The goal of all of these things is to make the Government more effective in doing the people's business. The agencies generally approve of the delegations which they have received from OPM and have found them effective in accomplishing their human resources programs. The agencies have made wide use of the delegated examining agreements. They feel that the quality of the candidates who emerge from the delegated examining process is significantly better, because their own rating processes use criteria which are designed for specific career areas rather than the more generic plans which OPM must use to meet the needs of many agencies. The agencies also report that the processing time is

reduced because they can set their own priorities. In addition to examining, the other delegations in the recruitment and placement area are those which the agencies find most useful. Agencies want to speed up the recruitment and placement process, so they focus their attention on this program. Agencies would like to see more OPM delegation, particularly in the recruitment and placement program.

Agencies have added additional initiatives of their own to delegate and decentralize personnel management internally. Agencies report a variety of programs to decentralize such functions as classification.

We agree with the premise that the decentralization of authority within that permitted by law is desirable and will increase the effectiveness of personnel management within the Federal Government. We have urged OPM to continue its program. This has been emphasized in our recent retrospective report on OPM where we called for OPM leadership to:

[s]upport * * * an evaluation and oversight program that is concerned not only with regulatory compliance but also with the identification and replacement or modification of outmoded or counter-productive regulations, systems, or procedures. This is consistent with OPM's current emphasis on "simplification" of the civil service system which has made some initial inroads but which still has some distance to go to achieve its goals.²²

²² U.S. Merit Systems Protection Board, "U.S. Office of Personnel Management and the Merit System: A Retrospective Assessment," Washington, DC, June 1989, p. 7.

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The desirability of decentralization has recently been emphasized by the conclusions of the Volcker Commission which recommended:

Provided they receive appropriate program guidance from the President and oversight from Congress, cabinet officers and agency heads should be given greater flexibility to administer their organizations, including greater freedom to hire and fire personnel.²³

While delegation and decentralization of personnel authority are desirable, authority must flow from some source. In the Civil Service Reform Act, Congress created the Office of Personnel Management to be the central conduit of this authority within the Federal Government. The Act encouraged OPM to delegate as much authority as possible to the operating agencies while giving OPM the responsibility to ensure that operating agencies complied with the merit principles and the standards set by OPM. Thus, OPM was created with a mandate to delegate personnel management authority and yet retain responsibility for its proper exercise.

We find that OPM's system for overseeing delegated examining in the agencies is handled through a separate oversight procedure which is fully adequate. On the other hand, the ACE program, which is OPM's principal oversight mechanism, has recently been revised. The revamped program has not been in effect long enough to fully evaluate, but its reliance on agencies' PME programs to perform most of the compliance-oriented reviews dictates that OPM monitor agency PME programs very closely.

OPM will need to put more emphasis on its own evaluation programs as well as on urging the agencies to do more as the trend to decentralizing and delegating personnel management continues.

It is significant that during his first week in office, President Bush addressed an assembly of members of the Senior Executive Service. The President clearly supports increased delegation and decentralization of personnel authority. During the address he stated:

Starting eight years ago, I led a task force to remove unnecessary regulation of the private sector, to free up the energies of the American people. But I think we also need to continue to remove unnecessary and counterproductive regulation of Federal workers and senior executives. I believe that there is tremendous pent-up energy in the federal government, a powerful force for good, that needs to be released, and I want to be the President to do that, to release the federal manager from bureaucratic bondage so that together we can, as I said on the steps of the Capitol, use power to serve people.

This statement points to the real goal in the Federal personnel management process—a more effective Government which is unleashed as a power to serve the people. Such a Government needs maximum flexibility. However, it can't do so without the spirit of fairness and equity upon which the merit principles and the merit systems are based.

²³ National Commission on the Public Service, Op. Cit., pp. 51-52.

APPENDIX A

OPM'S SIMPLIFICATION PROGRAM

The Office of Personnel Management's (OPM) "simplification" program is most clearly defined in a statement by Constance Horner, former Director of OPM, in a pamphlet titled, "Simplifying the Federal Manager's Job." In that pamphlet's foreword she states:

"When I became Director of the Office of Personnel Management, I found myself in a position to begin to turn [the maze of civil service rules and requirements] around. I sought to deregulate the public sector just as the Administration has deregulated the private sector. I set out to simplify the Federal personnel system without compromising merit principles or employee rights. Simplification meant seizing opportunities to delegate more authority through the agencies to line managers, to simplify standard operating procedures, to protect the merit system through oversight and evaluation rather than highly centralized controls; and—simply—to let managers manage."

The actual activities which OPM has designated as "simplification" activities are varied. Some of them are matters of reducing unnecessary procedures which can readily be seen to simplify the task of Federal managers. On the other hand, OPM designates a number of major initiatives as "simplification." These initiatives, which make major changes in existing systems, substitute alternate complex systems for the current ones. The new systems may be less complex (more simple), but from whose perspective—

agency personnel officials, line managers, executives, OPM? Finding an acceptable set of criteria for judging what is simpler or more complex is very difficult.

For example, the Navy's "China Lake" demonstration project substitutes a series of pay bands—essentially full pay scales—in place of the current General Schedule, gives managers greater authority to set individual pay within these pay bands, and makes significant pay decisions dependent upon the performance rating of supervisors. These provisions do away with some of the complex pay rules of the General Schedule and many of the classification procedures, but substitute their own complex rules tied to the performance rating system. While the demonstration project gives managers more flexibility, it also gives them greater responsibility.

Another example of an initiative which substitutes new—but still complex—criteria is the reduction-in-force rules. The new rules may make the process less burdensome in some respects—for example, by placing greater limits on the "domino effect" that occurs when employees with higher retention standing displace other employees. At the same time, it also adds greater weight to performance appraisals in determining retention order. Thus, the calculation of retention order is made more complicated. While the revision may improve the process in terms of end result, it is still a complex process.

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The following are additional examples of initiatives which OPM has designated as part of its simplification program. A common element in most of the initiatives is the increased delegation of personnel decisions to lower levels (i.e., from OPM to the agencies or from agency headquarters to subordinate organizational levels). The list is not intended to be comprehensive, but rather, to provide an indication of the range of activities which OPM considers "simplification initiatives."

Recruitment and Hiring Initiatives

- An agency can now decide, without asking OPM's approval, whether or not candidates for particular positions are in such short supply that it makes sense to pay moving expenses to the first job site.
- Agencies, without first coming to OPM, can now directly hire highly qualified accountants and auditors who already have civil service rating for entry-level jobs. For example, agencies can directly hire any individual who has a current rating of 100 or higher or is a disabled veteran (10-point compensable preference eligible). Agencies also have greater flexibilities in making job offers to recent college graduates with 3.5 grade point averages or with Certified Public Accountant credentials.
- OPM now delegates to agencies the authority to negotiate starting salaries with top quality candidates for jobs at GS-11 or higher. Agencies can now offer as high as 20 percent above the candidate's present pay based on his or her superior qualifications or on the special needs of the agency. Agencies need only get OPM's approval in those rare cases where a salary jump of more than 20 percent is necessary to meet a special need of the Government.
- Agencies have been delegated authority to make temporary appointments up to grade GS-12 without using OPM examining. These appointments can be made for 1 year with extensions in 1-year intervals for a total of 4 years.

Internal Placement Initiatives

- OPM is now allowing agencies to modify Governmentwide qualification standards for internal placements. This allows more flexibility to determine the candidate pool for a job.

Compensation and Classification

- The Civil Service Simplification Act was introduced in the 100th Congress. This act would have modified the current classification system, by classifying positions within pay bands and career ladders rather than specific title, series, and grade as is now done. Further, it would have placed much more direct control of base pay in the hands of supervisors.
- OPM has embarked on a project to replace its current detailed classification standards with broader guides.

FPM Changes

- OPM is focusing additional attention on updating the FPM. The Agency's stated emphasis in this updating effort is to allow for easier research and reference.

Model Installation Program (MIP)

- OPM is cooperating with the DOD MIP program. Under the MIP program, field installations in the Department are encouraged to identify rules which the installations feel impede the expeditious handling of personnel matters. Field installations forward requests for waivers of OPM rules to a central point in the Department which expedites the requests to OPM. OPM has designated the Assistant Director for Systems Innovation and Simplification as the point to receive these requests from DOD and expedite action to waive rules for specific installations.

APPENDIX B

EXPLANATION OF OPM DELEGATIONS INITIATIVES

Agencies listed a number of OPM's current delegation initiatives which they found particularly effective. They also listed a number of additional initiatives they would like OPM to consider. The following is an explanation of those initiatives pointed out by three or more agencies out of the 20 responding to our inquiry:

INITIATIVES WHICH AGENCIES SAW AS ESPECIALLY EFFECTIVE

Direct-hire authorities: OPM, under current law may authorize agencies to hire without formal examining when candidates are in such short supply that competitive examining would be unnecessary or impractical. OPM delegates this authority on a case-by-case basis. Agencies expressed the desire to see this authority expanded. However, none explained how they would like this done.

Modification/waiver of qualification standards:

OPM delegated to the agencies by FPM Letter 338-1, April 28, 1987, the authority to modify qualifications standards for in-service placement. OPM did this to remove unnecessary rigidity in the system. Prior to this, agencies had to comply with the letter of OPM-approved qualification standards for any placement action.

Payment of travel to first duty station: OPM has allowed agencies to pay for the travel of a newly-hired employee to her/his first station of duty based on the need to use this as a recruiting incentive.

Advanced in-hire rates: OPM has delegated to the agencies the authority to pay higher beginning rates to certain occupations in certain areas without specific approval from OPM.

Elimination of requirement for annual review of classification accuracy of every position: OPM has dropped the requirement that agencies review every established position for classification accuracy annually. Previously, all managers were required to review every position annually, and classification specialists had to determine the accuracy of the classification of each position annually. OPM has dropped this time-consuming requirement.

Development of multiposition (generic) classification guides: Classification of a position requires the identification of the work of that position by title, series, and grade using elaborate classification standards. OPM is now developing guides to allow managers to participate more in the classification process and eliminate some of the detail of existing standards.

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ADDITIONAL INITIATIVES AGENCIES WANT OPM TO CONSIDER

Expand authority for agencies to use direct hire without formal examining: Agencies want the authority for direct hire to be expanded. Some want the current legal authority interpreted more broadly (see above for explanation of current authority) while others would want the authority expanded to allow agencies broad authority to waive examination and hire without competition.

Change classification process: Several agencies suggested ways to speed up the classification process or use alternate methods (some requiring legislation).

Expedite initiation of new Professional, Administrative, Career (PAC) examining methodology: OPM was anticipating a new PAC methodology by the Spring of 1989 at the time of our survey. The examination is expected to be the central examining instrument for many starting positions typically filled by new college graduates. Since 1981, there has been no central examination due to a law suit alleging that the former PAC examination discriminated unlawfully. Agencies are concerned that the revised examining process be initiated as soon as possible.

Allow noncompetitive conversion of nonstatus employees: Nonstatus employees are those who are not hired permanently and who have not been through a civil service examining process. The law now allows some categories of employees to be moved to competitive

status (permanent) without examining. Some agencies would expand these categories.

Modify veterans' preference rules and the rule-of-three provisions: 5 U.S.C. 3318(a) requires that agencies select from among the top three available candidates on a certificate of eligibles drawn from scores on competitive examinations. OPM gives five or ten points to the basic score of veterans to meet the requirements of 5 U.S.C. 3309. Further, OPM requires that except in very limited circumstances, veterans not be passed over to hire nonveterans lower on a list of candidates. Some agencies would like to select from a larger group of people (e.g., the top 10 candidates) or without regard to the veterans' preference of a candidate.

Provide greater flexibility for setting initial rates of pay: OPM must generally approve rates of pay which differ from the general pay rules (e.g., most employees brought into the Government begin at the first of 10 steps in a grade). The agencies wanted several different flexibilities in this area.

Delegate authority to set special rates to agencies: Three agencies specially mentioned this as a pay flexibility that they desired. At present, agencies may usually bring employees into the Government at a step of a grade above the first step only if OPM has approved those rates for a specific occupation in a specific geographic area. The agencies would like the authority to determine when and where to pay higher rates.

APPENDIX C

COMMON INITIATIVES BY AGENCIES

DELEGATION OF PERSONNEL AUTHORITY TO FIELD INSTALLATIONS AND LINE MANAGERS

The agencies reported many initiatives to place greater authority for personnel management decisions at the field level and in the hands of line managers. The Department of the Navy's initiative to grant classification authority and other flexibilities to its managers with controls on ceiling and grades being replaced by "manage-to-budget" controls is the broadest initiative reported. Although there was a variety of responses, the most commonly reported initiatives can be categorized as follows:

Delegation of classification to line managers: This was the most commonly reported initiative by agencies. Traditionally, the classification process in the Federal Government has involved the detailed description of how a position actually functions or the way a manager envisions a proposed position to function. This description, submitted on an official form with certification by the line supervisors that it is accurate, is sent to a personnel office for classification. The classification process involves determining the proper occupation for the job by reference to occupational series definitions. Once the occupational series is determined, the position is given a grade and a title by reference to a classification standard (or in some cases cross-reference to several standards) published by OPM. There are volumes of these standards with detailed criteria for the grading and titling of positions.

Under the traditional system, people experienced in the analysis of written descriptions against published standards assign the occupational series and grade to a position rather than those expert in the actual work being performed. While line managers can informally press for changes when the classification of a position does not meet their perceived needs, the classifier's word is definitive. There is an elaborate classification appeals system, but only the incumbent of a position may use this appeals system, not managers.

Although classification in personnel offices takes managers out of the decisionmaking process, it has been necessary, to some extent, to use personnel experts because of the complications of the classification system. Some of OPM's initiatives have addressed this problem. OPM has prepared broad classification guides which avoid the detail of the single-series standards and has experimented with the use of such general guidance as the factor evaluation system primary standard. Further, the Department of the Navy's major demonstration project has included a simplified classification process which only assigns positions to pay bands rather than to specific grades.

Management of job grading and staffing levels to managers: Although similar to the delegation of classification authority, and sometimes including such authority, the management of job grading and staffing is a broader initiative. In these cases, the numbers of

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positions and the distribution of work among these positions is delegated to managers. This usually involves allowing the staffing of an operation within a personnel budget without restriction as to how many people are hired or how many people must be in a specific category (i.e., professional, clerical). In contrast, currently many agencies have specific personnel ceilings (expressed in full-time equivalents where one person working 1 year full-time equals 1.0) which are assigned to each organization. Managers in individual operations (e.g., a medical laboratory in a hospital) must petition higher management if they wish to change the number of employees or the specific occupational and grade mix within that organization. The greater control provided by the initiatives give managers maximum flexibility to organize the work of their units within an overall dollar cost. It should be noted that with this goes a great deal of responsibility—and added work hours—for the manager to monitor personnel costs.

Maintenance of applicant supply files and initial rating and ranking accomplished outside the personnel office: This initiative is used most commonly where the operating personnel office servicing a field operation is not located in the local area of that operation. The main source for candidates for most lower level jobs is the local area. The application process for current and former Federal employees is handled by local managers under these initiatives rather than referring them through the remotely-located servicing personnel office. This reduces the time necessary to accomplish the procedures required to present candidates to selecting officials.

Delegation of authority to appoint above minimum rate of a grade to field installations: New employees in the Federal Government are normally paid at the first of the 10 steps of a grade in the General Schedule. However, OPM has delegated to the agencies the authority to initially pay employees at a higher step under certain circumstances, such as the exceptional qualifications of a candidate. Some agencies have delegated this authority to the installation level to allow them to compete for scarce-category employees and to speed the placement process.

AUTOMATION INITIATIVES

Federal agencies are trying many different schemes to improve effectiveness of operating personnel offices. Much of their attention is focused on the automation of systems using computer technology. The pressure to accomplish more with fewer human resources and the continued need to maintain many systems of records make computerizing of processes and record systems very desirable.

Almost all Federal agencies have automated their basic personnel and payroll records. For example, almost all agencies pay their employees through an automated payroll system. Likewise, the generation of one of the most common personnel forms, the Standard Form 50 (SF-50), Notification of Personnel Action, is automated. Further, actually taking pay actions (e.g., promotions, reassignments, changes from part-time to full-time) is accomplished by computer processes.

The respondents to the MSPB inquiries listed a number of common automation initiatives. The following explains these processes for those not fully familiar with Federal personnel office procedures:

Automation of position descriptions and classification: All position which are covered under the Classification Act or under the Federal Wage System (most permanent white-collar and blue-collar Federal positions) are required to have position descriptions which describe the work in sufficient detail to determine the major tasks performed, the skills needed, and the responsibilities carried. These descriptions are then compared to occupational definitions and classification and job-grading standards to determine the occupational series, the title, and the pay grade of positions. The automation initiatives being applied to this process focus mainly on computerized systems that allow managers and classification specialists to select standard descriptive paragraphs to describe jobs which are then printed out as completed position descriptions on the prescribed form. Some systems automate evaluation of the standard paragraphs to determine the proper classification of the jobs.

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Automated generation of Standard Form 52, Request for Personnel Action: The Standard Form 52, Request for Personnel Action (SF-52), is the basic documentation of a personnel action request within the Federal Government. One of these forms is generated for almost every change in the personnel record of each employee. Literally millions of these forms are generated and passed between management offices and servicing personnel offices annually. Further, they are passed through various hands for review in personnel offices prior to approval. In most agencies, these forms are generated manually. Some larger agencies have special agency versions of this form to match their automated records system. The information on the SF-52 is used to code information for the computer generation of the companion SF-50, Notification of Personnel Action.

Agencies are trying various ways to automate the generation and movement of the SF-52. The goal is to allow the form to be originated on a computer at the requesting office, reviewed, approved, and processed into the computerized records system of the agency without being generated in hard copy.

Automation of applicant files: Personnel offices maintain files of internal applicants for positions. In addition, many maintain files of applicants who have previously worked for the Federal Government or who

work for other Federal agencies. Further, some personnel offices operate delegated examining units. These create applicant files which must be maintained with appropriate disposal schedules, notifications on status, etc. Automated systems allow various categories of applicants to be "pulled" electronically to notify them of status changes, refer them for vacancies, etc.

Electronically generated job announcements/posting on electronic bulletin board: Agencies reported a number of actions which fall into this category. The proliferation of FAX machines and computer bulletin board networks make this method for disseminating information very effective.

Automation of the ranking and referral process for job vacancies: Systems of this sort are at two levels. In the case of referrals, the records are pulled based on previous manual determinations of qualifications and numerical scoring. At the second level, the system draws conclusions as to qualifications and rankings of candidates based on encoded information on each applicant. These latter systems, sometimes called "expert systems," take over some of the substantial determinations previously made by Placement Specialists.